

# Reframing Total Rewards and the Talent Value Proposition in the Gig Economy

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***“The best way to predict your future is to create it.”***

**— Peter Drucker**

*The Future isn't  
coming...  
It's here*

# So it's official: Facebook is now the world's **largest** country



Source: eonline news

The number of text messages  
sent and received in one day  
**exceeds the population**  
**of the planet.**



Source: wikipedia.com.

# Number of jobs created for every one lost due to the internet:

# 2.6



Source: eonline news

# Freelance workers in US economy today:

**34%**  
(43% by 2020)



Source: Intuit (from TurboTax returns)

**Baby Boomers are  
retiring at the rate of  
one every 9 seconds  
between now and 2029.**



Source: USA Today Money



# The Generation X population peaks in 2018



Source: Pew Research

# More than 1 in 3 American workers today are Millennials.



Source: *Fluent*

**The average U.S. student today  
will have 10 to 14 jobs  
before age 40.**



Source: U.S. Department of Labor.

# Generation Z is entering the workforce in large numbers



Source: [wsj.com](https://www.wsj.com)

Percent of children entering  
school today who will end up in  
jobs that do not exist yet  
**65%**



Source: Scott McLeod and Carl Fisch, quoted by World Economic Forum *Future of Jobs Report*, Davos, 2016

# The VUCA world continues...even more so...

**V**olatile... a rapid rate of change

**U**ncertain... unclear about future implications

**C**omplex... multiple competing/conflicting forces

**A**mbiguous... lack of clarity about what events will mean — even as they occur

## We need:

- » Clear intent
- » Clear direction
- » Clear vision
- » Agility to adapt to a changing world<sup>1</sup>

“The kind of strategy that works is to be very clear about where you are going but very flexible in how you get there<sup>2</sup>”

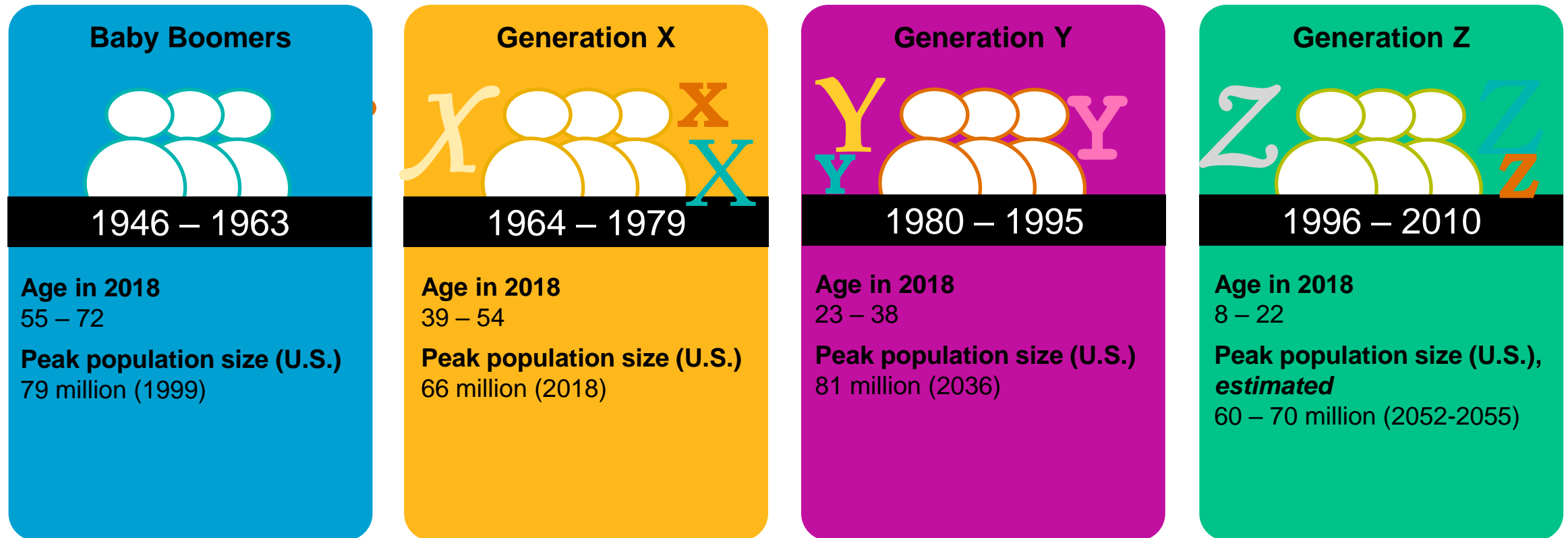
VUCA: Judith Hicks Stiehm & Nicholas W. Townsend, *The U.S. Army War College: Military Education in a Democracy*; Temple University Press, 2002.

1. Denise Caron, CTO [Next IT](#).

2. Bob Johansen, Distinguished Fellow, [Institute for the Future](#).

# Generational population changes drive staffing challenges

Changes in generational demographics create shortages at leadership and early career levels



Source: Pew Research Center tabulations of U.S. Census Data; WTW estimates

# Talent aspirations have changed...and so have the risks





# Generation Z's top three "must haves" for their first job are:

- **health insurance (70%)**
- **competitive salary (63%)**
- **boss they respect (61%)**



Source: PR Newswire

# *The Gig Economy*

# Industrial Revolutions and Work

Key practices based on human capital risk strategy


## Second Industrial Revolution

Late 19<sup>th</sup> – early 20<sup>th</sup> century

“The assembly line”

Features:

- Companies as social institutions
- Organization of work into jobs
- Jobs as careers



The  
Assembly  
Line

“Nike-  
fication”

“Uber-  
ization”

## Third Industrial Revolution/First Machine Age

1960s – 1990s

“Nikefication” and core competencies

Features:

- Technology enablement and the web
- Companies as the nexus of contracts
- Streamlining of jobs to enable outsourcing

## Fourth Industrial Revolution/ Second Machine Age

2000s -

“Uberization”

Features:

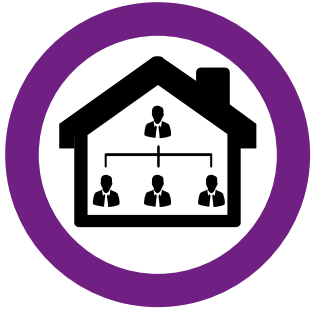
- Mobile, sensors, AI and machine learning
- Companies as platforms
- Disaggregation of work into activities
- Talent on demand

Source: John Boudreau, Ravin Jesuthasan and David Creelman

## Disintermediation of work is already happening...



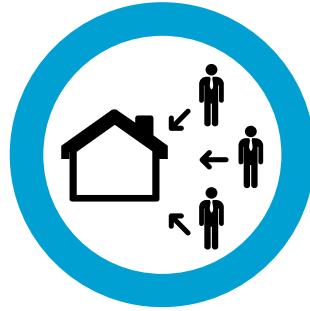
# The employment relationship is changing



Traditional employees



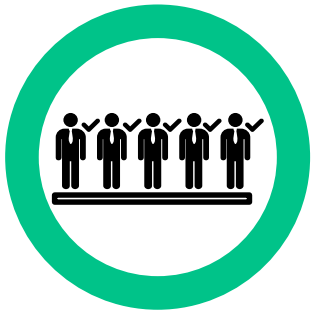
Outsourcing



Free agents



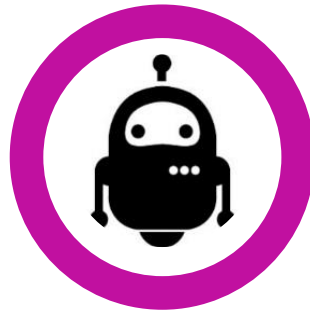
Alliances



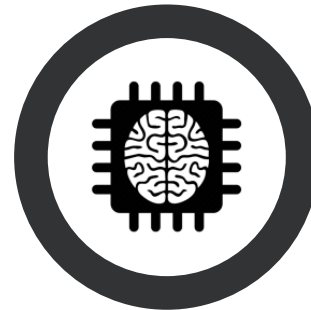
Talent platforms



Volunteers



Robotics



Artificial Intelligence

- **Jobs are changing** as technology enables **work to be fragmented into discrete tasks** that can be performed more efficiently and effectively
- **Changing demographics** as **millennials enter the workforce** and have different expectations of workplace and how work gets done

# New jobs are emerging...

However a number of current baseline skills will continue to be relevant

## MYTH

Workplace automation will have a largely negative impact on workers and jobs.

## BUSTED

Automation will result in new combinations of work, talent, skill requirements and work relationships (e.g., FTE, PT, contingent).



**AI Ethics Evaluator**



**Robot Trainer**



**Virtual Culture Architect**



**Data, Talent & AI Integrator**



**Cyber Ecosystem Designer**

## The top 10 skills that will be in demand by all employers by 2020

- ⑩ Cognitive flexibility
- ⑨ Negotiation skills
- ⑧ Service orientation skills
- ⑦ Judgment & decision making
- ⑥ Emotional intelligence
- ⑤ Coordinating with others
- ④ People management
- ③ Creativity
- ② Critical thinking
- ① Complex problem solving

Source: CHREATE Consortium

Source: Future of Jobs Survey, World Economic Forum, January 2016



Organizations expect **3 times** the level of automation in work over the next 3 years, with a:

↑ 35% increase in **WORK FLEXIBILITY**  
64% increase in redesigning jobs with **MORE SKILLS**  
65% increase in redesigning jobs with **LOWER SKILLS**

HR recognizes the need for **BREAKTHROUGH** approaches across talent and rewards to hire, build, reward and lead through this change

The old way...



A full-time job in a traditional organization

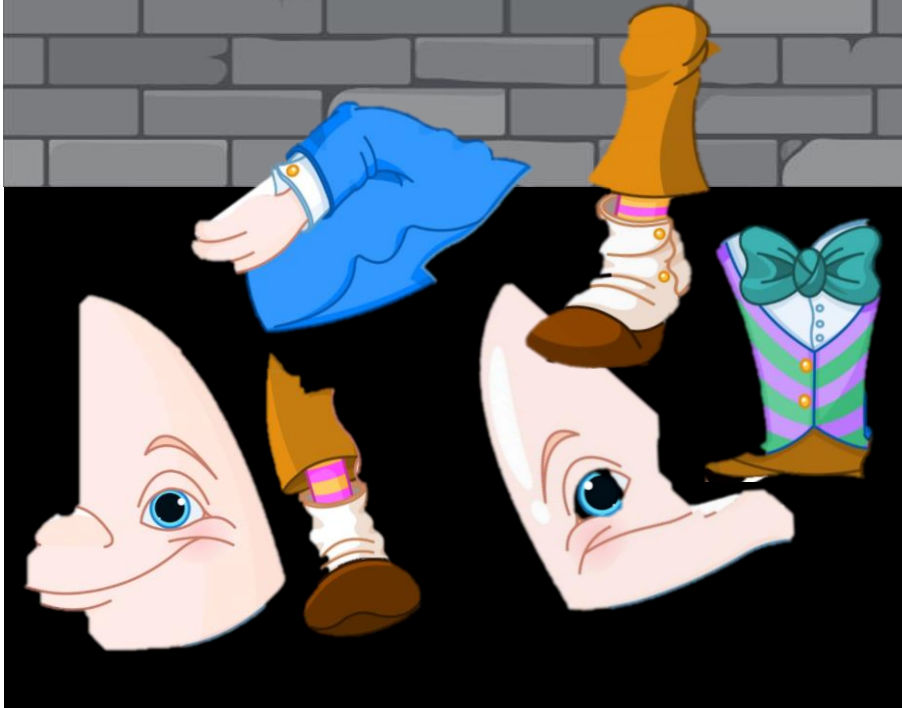
Times have changed



Jobs can't keep up in the new environment



**Let's examine each  
piece of the work**



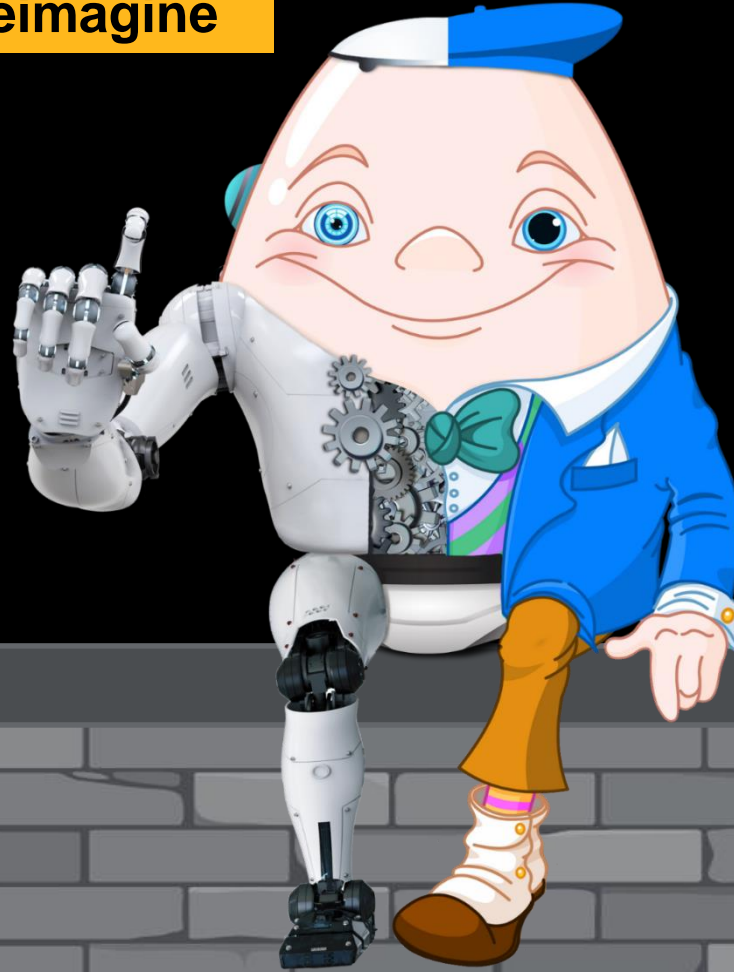
**and determine what our  
business needs in the future**

**...and  
reconstruct**



**Our jobs may never look  
the same again**

...and  
reimagine



Our jobs may never look  
the same again

# The Evolved Organization

# The Evolved Organization

## Organization Evolution



**Small Groups**  
(unaffiliated)

*Tribal/Nomadic*

**Tight/Isolated**



**Small Groups**  
(locally affiliated)

*Coalition*

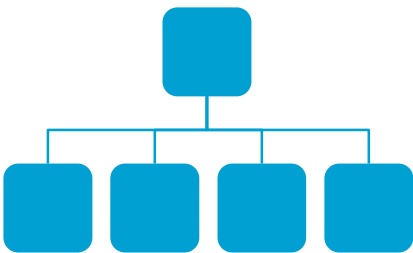
**Tight/Isolated**



**Leadership Hierarchy**

*Command-and-Control*

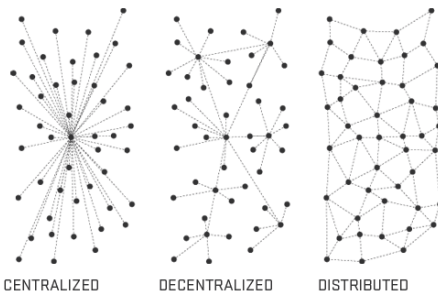
**Controlled**



**Functional Hierarchy/  
Bureaucracy**

*Industrial*

**Specialized**



**Network**  
(Paul Baran)

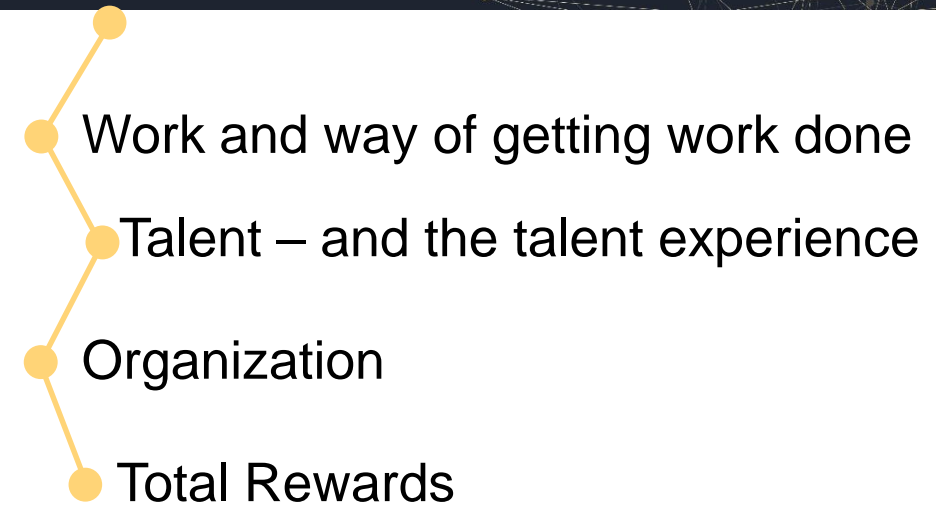
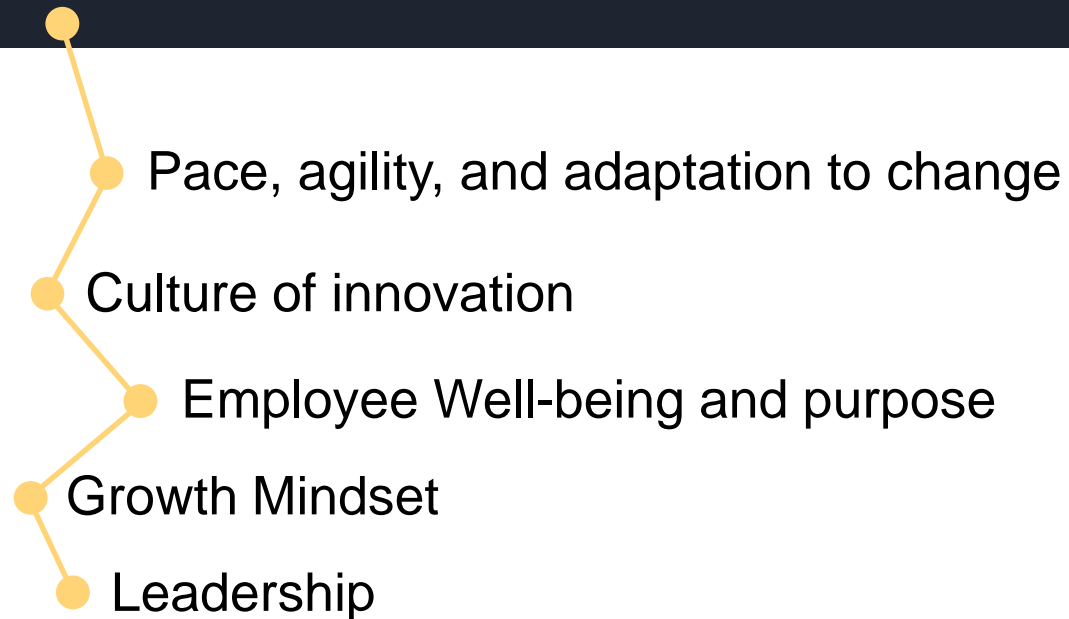
*Distributed*

**Dynamic/Agile**

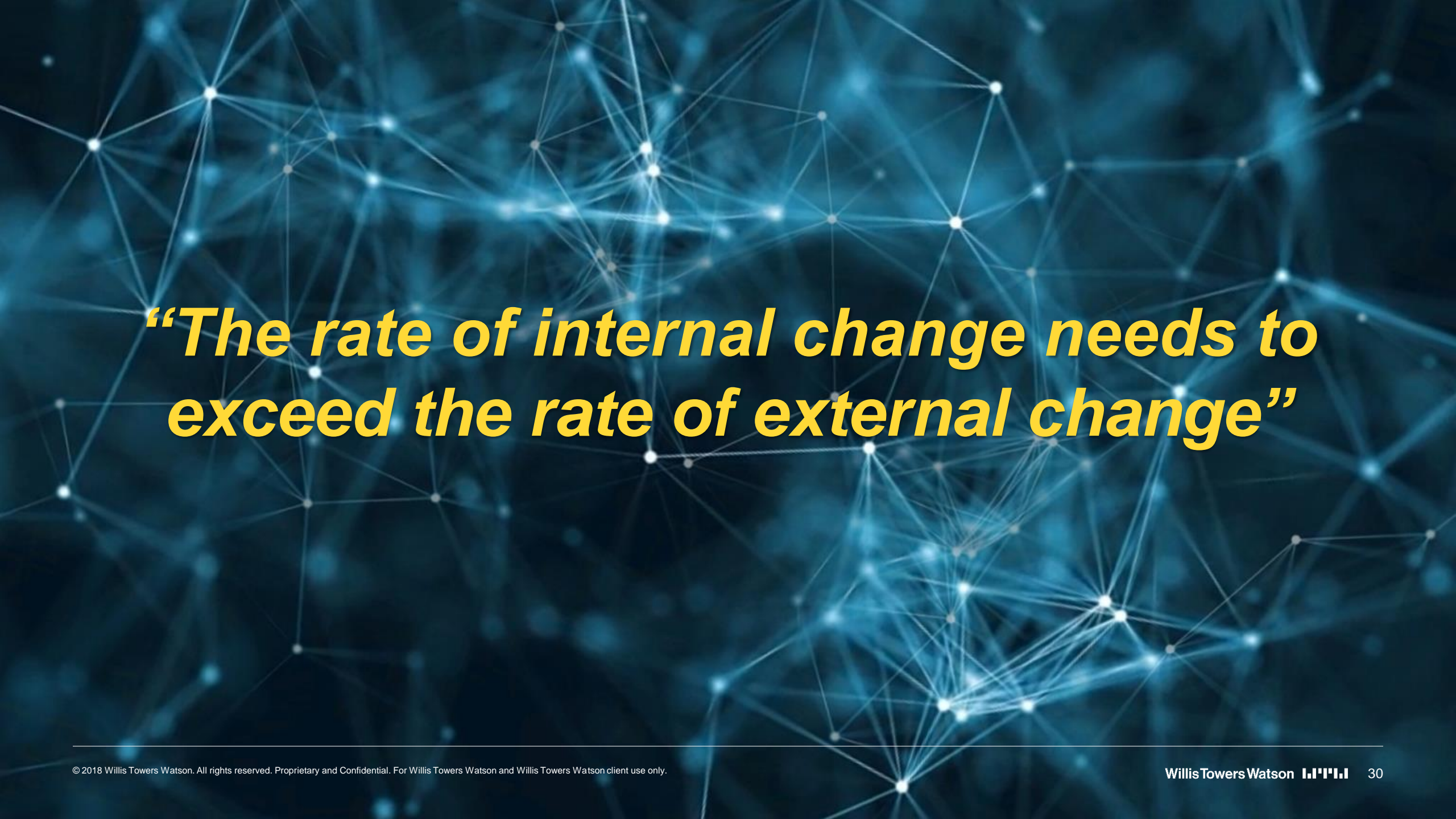
Source for Distributed Network Organization: Paul Baran, Rand Corporation, 1964

# Evolved organizations connect the dots while coloring outside of the lines...

## Optimizing their assets and modernizing their approach







***“The rate of internal change needs to exceed the rate of external change”***

# The traditional career path is making way for a portfolio of broad and nonlinear work experiences



## Evolved organizations...

- Offer a wider array of professional development opportunities
- Embody agile thinking, interpersonal and communication skills and digital adaptation — skills that are necessary for the changing nature of work
- Prepare and promote talent that will evolve in parallel with that of the organization



The Evolved Organization is built within a different type of ecosystem:  
transforming **culture** and **pace** by embracing attributes that focus on the  
**work and talent experience**





## ...and redefining what culture, purpose and values mean in the process

***“Believe more in yourself and your capabilities. Don’t be afraid to fail. And don’t constantly worry that you have to prove yourself.”*** — Bridget Paradise, CHRO, Citadel, in *Slate*



***“The essence of inclusion is to help each of us to develop more compassion and understanding so we can all be more effective.”*** — Myrna Chao, I&D Thought Leader, Willis Towers Watson

Google identified that  
**psychological safety**  
was the most critical factor  
to making a team work



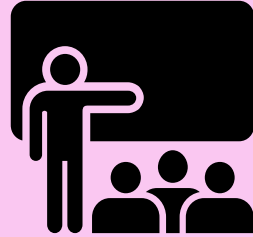
Source: Harvard Business Review, 2016

# Psychological Safety

## What is psychological safety?

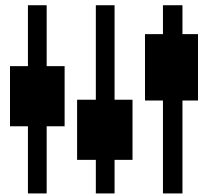
“A shared belief held by members of a team that the team is safe for interpersonal risk-taking and a feeling of confidence that a team will not embarrass, reject or punish someone for speaking up”

Source: “Psychological Safety and Learning Behavior in Work Teams” by Amy Edmondson



## How do we measure it?

- Pulse/engagement surveys
- Glass door comments
- Virtual focus groups
- 360 surveys



## Psychological safety in the headlines...

### How A Leader Can Build Psychological Safety

**What Google Learned  
From Its Quest to Build  
the Perfect Team**

High-Performing Teams  
Need Psychological  
Safety. Here's How to  
Create It

**1 in 3 employees** are not sure if is  
safe to speak up at work (Source: WTW US National Norm)



## Why psychological safety matters

It directly links to business results by:

- ✓ Increased innovation and creative problem solving in teams
- ✓ Enhanced attraction and retention
- ✓ More effective managers and teams
- ✓ Increased employee engagement
- ✓ Direct contribution to a more inclusive workplace



# Attributes of the Evolved Leader



- **Agile in adapting to uncertainty**
- **Willing to challenge the status quo (and get bruised in the process)**
- **Have a tolerance for risk/failure**
- **Recognize and respect**
- **Inspire, impact, and lead with purpose**

Leaders who are relentless in their drive to change will influence the way employees think, the pace in which cultures evolve, and the way in which work gets done.

Source: Willis Towers Watson CHRO Thinking Ahead Group

**Purpose-driven companies**  
**outperform the market by**  
**42%.**



Source: DDI, EY, Conference Board Global Leadership Forecast 2018

# What are the Implications for Total Rewards



# Total Rewards is no longer just about competitive practice and design... optimization and the talent experience are essential

1 Focus on linkages between **Total Rewards** and **talent well-being**

2 Focus on **new skills** (agility, digital, communication/translation, global deployment)

3 Focus on **career journey** (horizontal and vertical), as opposed to path

4 Focus on being a **workforce data/analytics expert** (and understanding **talent as consumers**) as much as technical expert

5 Move from **rigid to inspired**, from **risk averse to speed2talent, innovation**, and **growth mindset**

6 Enable **organization purpose** and instill continued **healthy company values** through **culture**

7 Instill **evolved mindset** through flexibility, personalization and leadership culture

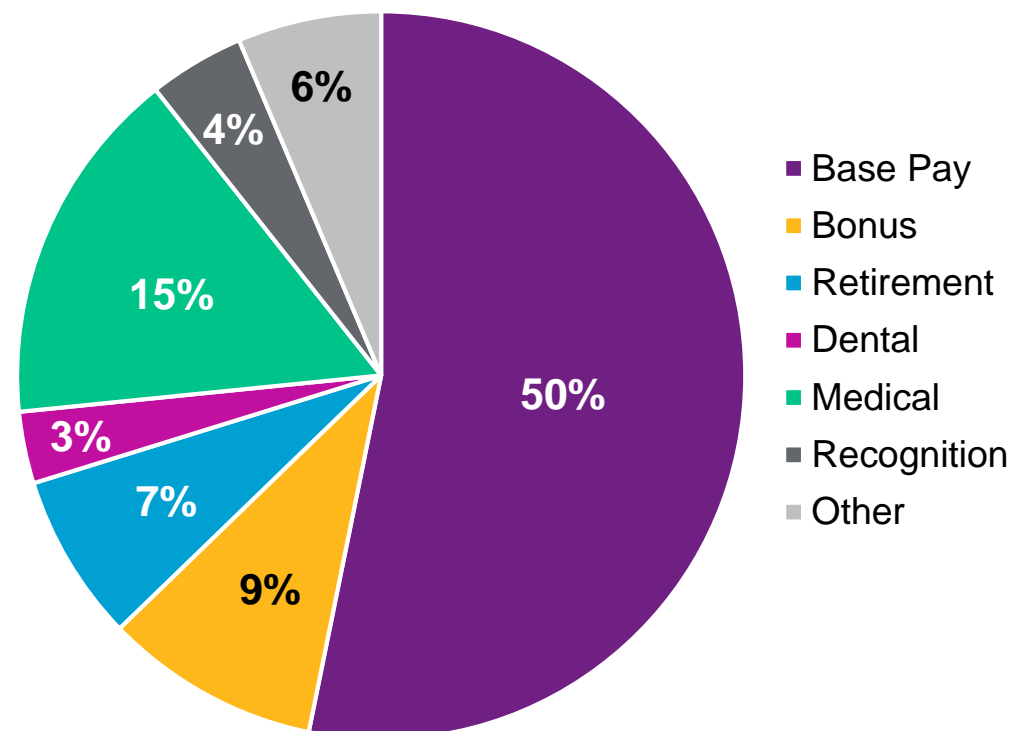
# Evolved organizations understand what it means to optimize their Total Rewards spend

What is the best level of investment in employees?

What is the best allocation of that investment to maximise desired behaviours (e.g., retention, motivation)?

Do the answers vary by organization level, geography, business unit, other demographic characteristics?

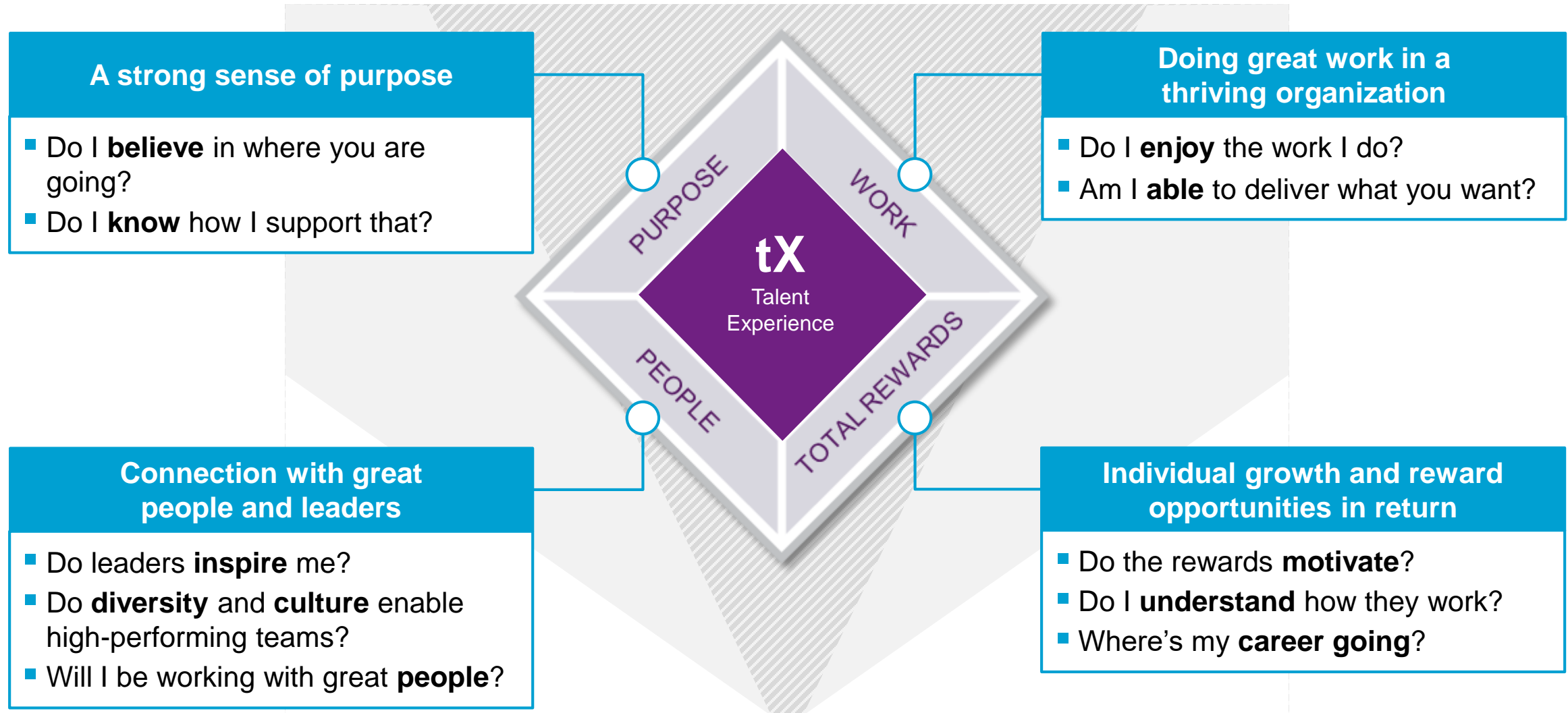
Total Investments in Selected Rewards



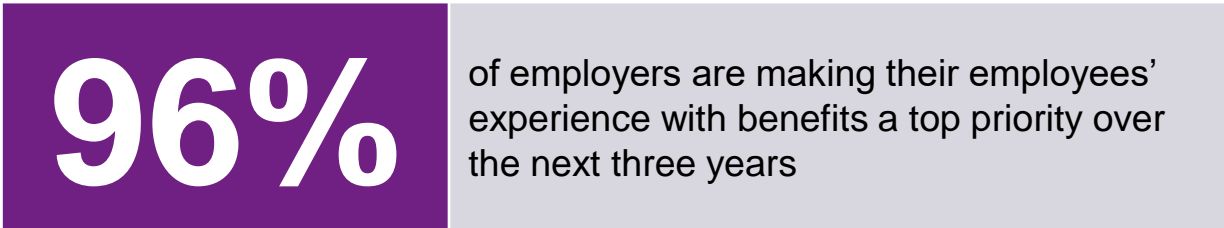


# Total Rewards remains an integral component of the Talent Experience

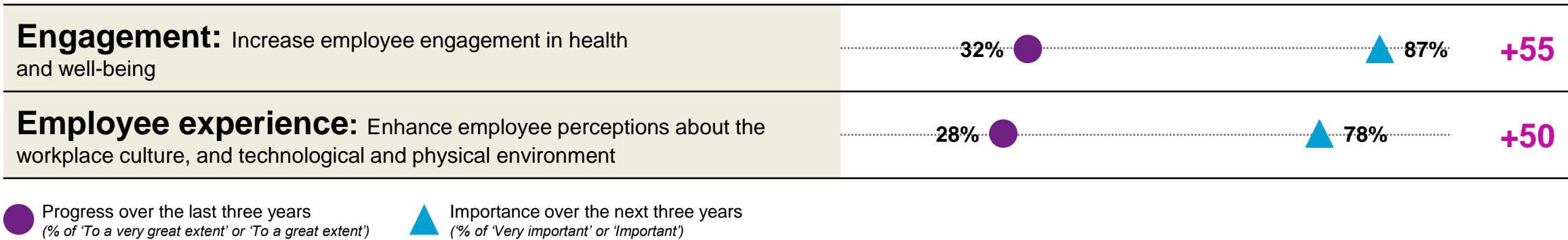
## But needs to function in the context of the four fundamental dimensions



# The majority of employers are seeking to improve the consumer experience

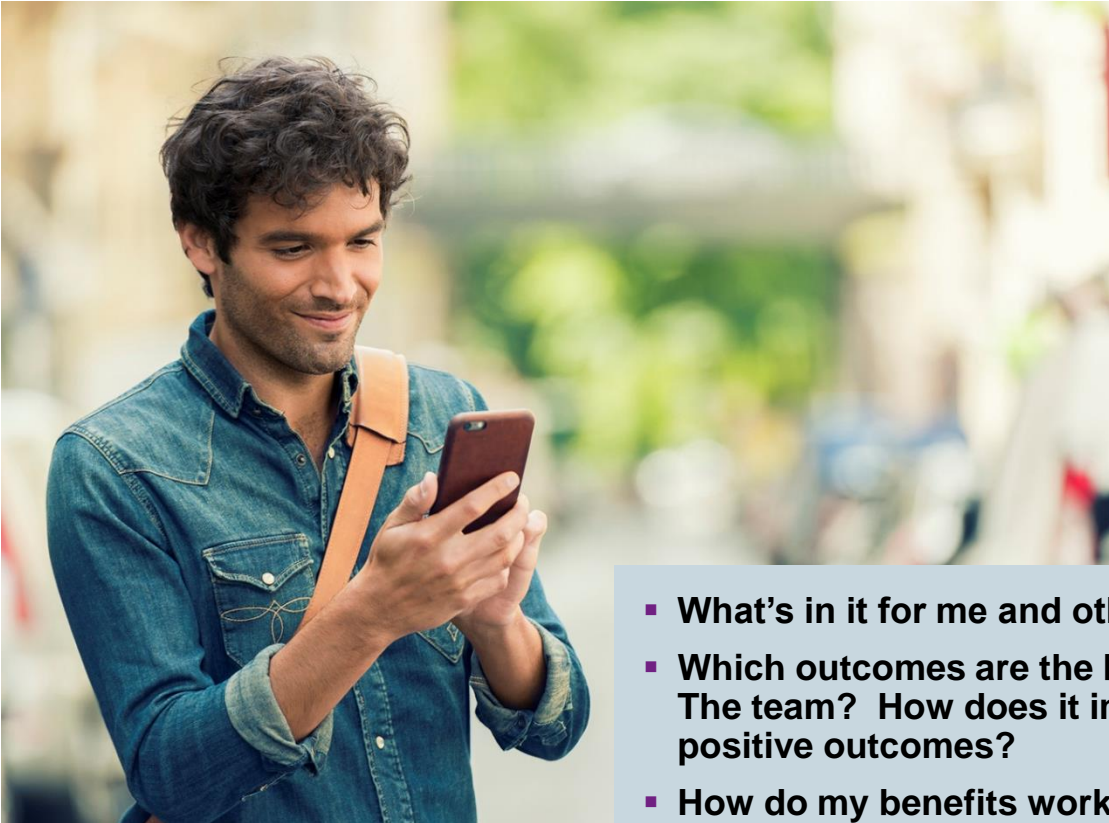


## A growing majority of employers consider engagement and consumer experience to be a priority over the next three years\*:

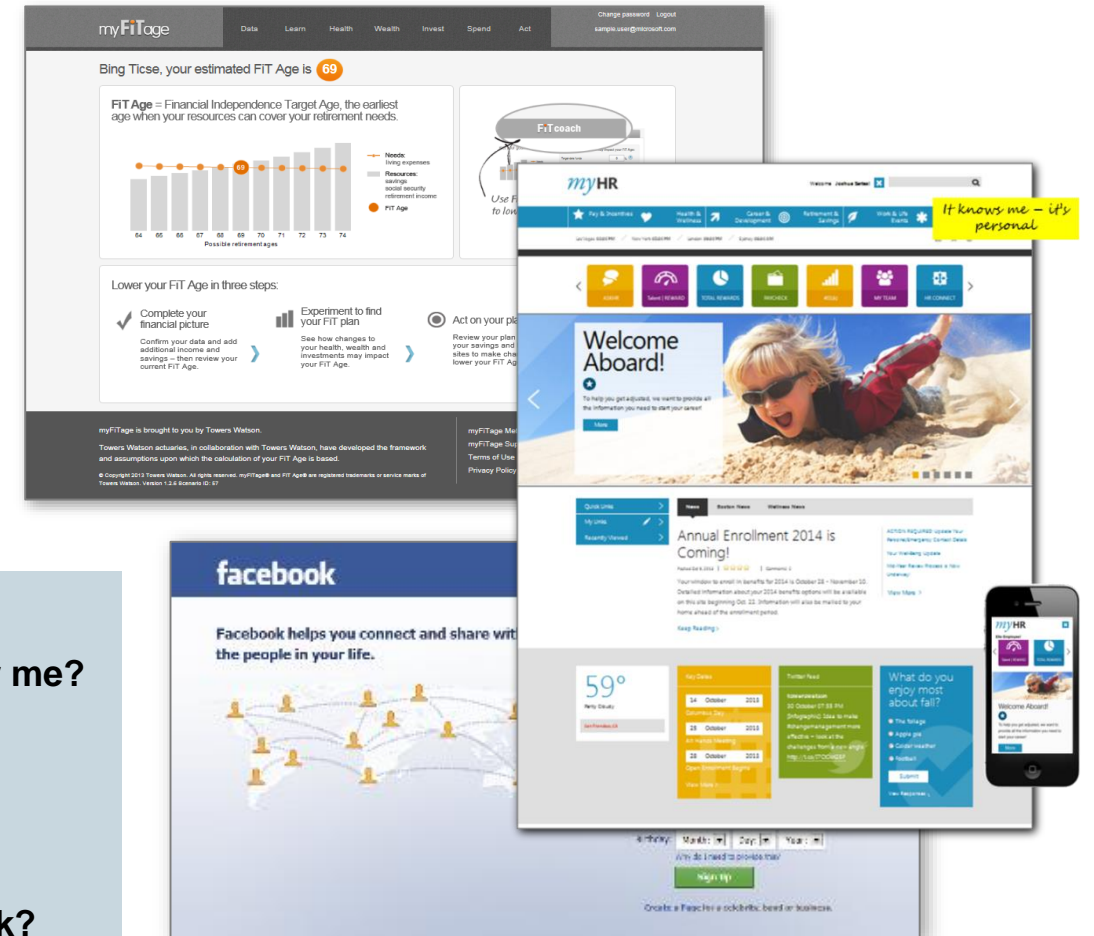


\*Sample: Companies with at least 1,000 employees.  
Sources: 2017 Willis Towers Watson Emerging Trends in Health Care Survey and 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

# Goal is a personal, social, consumer-grade experience




- What's in it for me and others?
- Which outcomes are the best for me? The team? How does it impact positive outcomes?
- How do my benefits work?
- How can I save money?
- How am I getting/giving feedback?

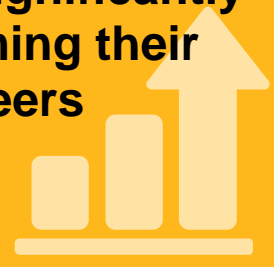


This stuff actually works....Best practice companies achieve better outcomes

**3x**  
as likely  
to report employees  
are highly engaged




**93%**  
more likely  
to report significantly  
outperforming their  
industry peers  
financially



**10%**  
less likely  
to report difficulty  
attracting and  
retaining key  
employees segments



**27%**  
fewer regrettable new  
hires in the first year

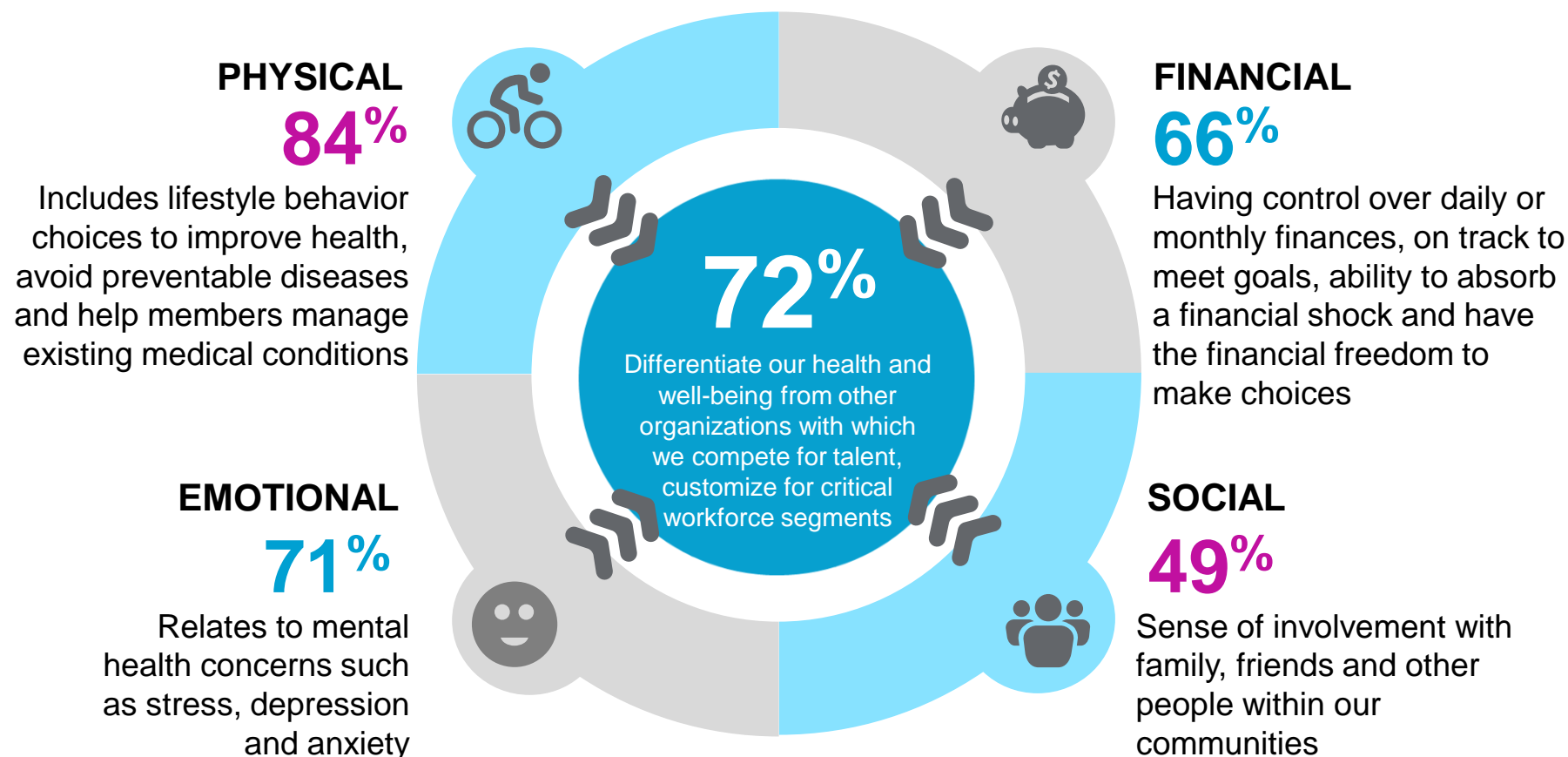


**17%**  
lower voluntary  
turnover



# Well-being has emerged as a broader strategic principle for both mainstream and evolved organizations

Percentage of companies that say these components of well-being are important over the next 3 years



Sample: Companies with at least 1,000 employees.

Note: Percentage responding 'Very important' or 'Important'.

Source: 2017 WTW Best Practices in Health Care Employer Survey.

# Defining Emotional Well- Being in the Evolved Organization

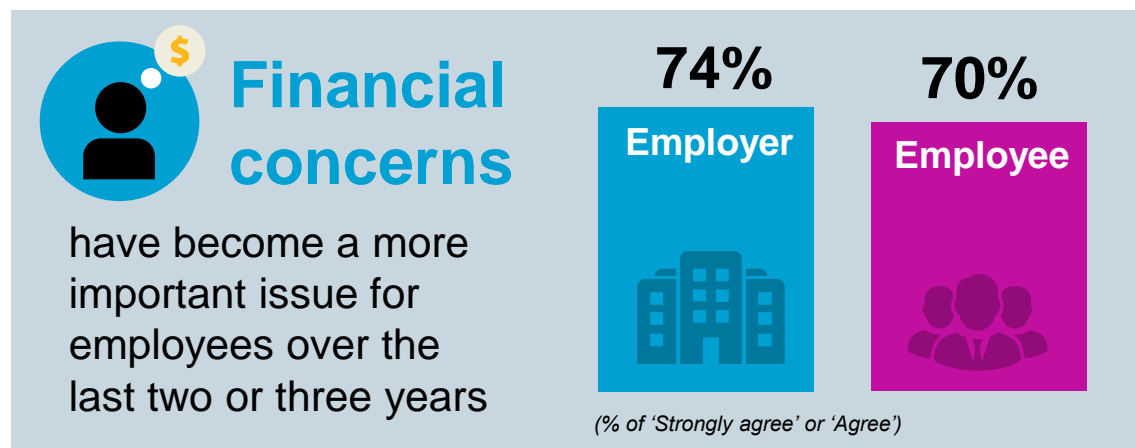
## Mental/Behavioral Health vs. Workplace Emotional Well-Being

Mental health	Also encompasses cognitive/neurological functioning, including such aspects as memory and impulse control
Emotional health	Relates specifically to social/emotional competencies, such as the ability to empathize or regulate emotions

Mental/Behavioral Health	Workplace Emotional Well-Being	
Employee Assistance Program	Culture of Respect	Code of Conduct
Stress-management	Inclusion & Diversity	Employee Recognition
Mental/Behavioral Health Benefits	Bullying Behavior	and/or Psychological Harassment
Well-being Programs	Safety Policies	Effective Communication
	Empathetic Leadership	Decision-making
	Flexible Work Arrangements	Psychological Safety
	Curiosity	Growth Mindset

Source for Definitions: Nick Haisman-Smith


# Employees' financial concerns are on the rise



## Nearly half of U.S. households are living paycheck to paycheck


**45%** *Strongly agree or agree*

**Live paycheck to paycheck**  
No significant savings



**37%** *Could certainly not or probably not*

**Lack of financial resilience**  
Could not come up with \$2,000 if an unexpected need arose within the next month

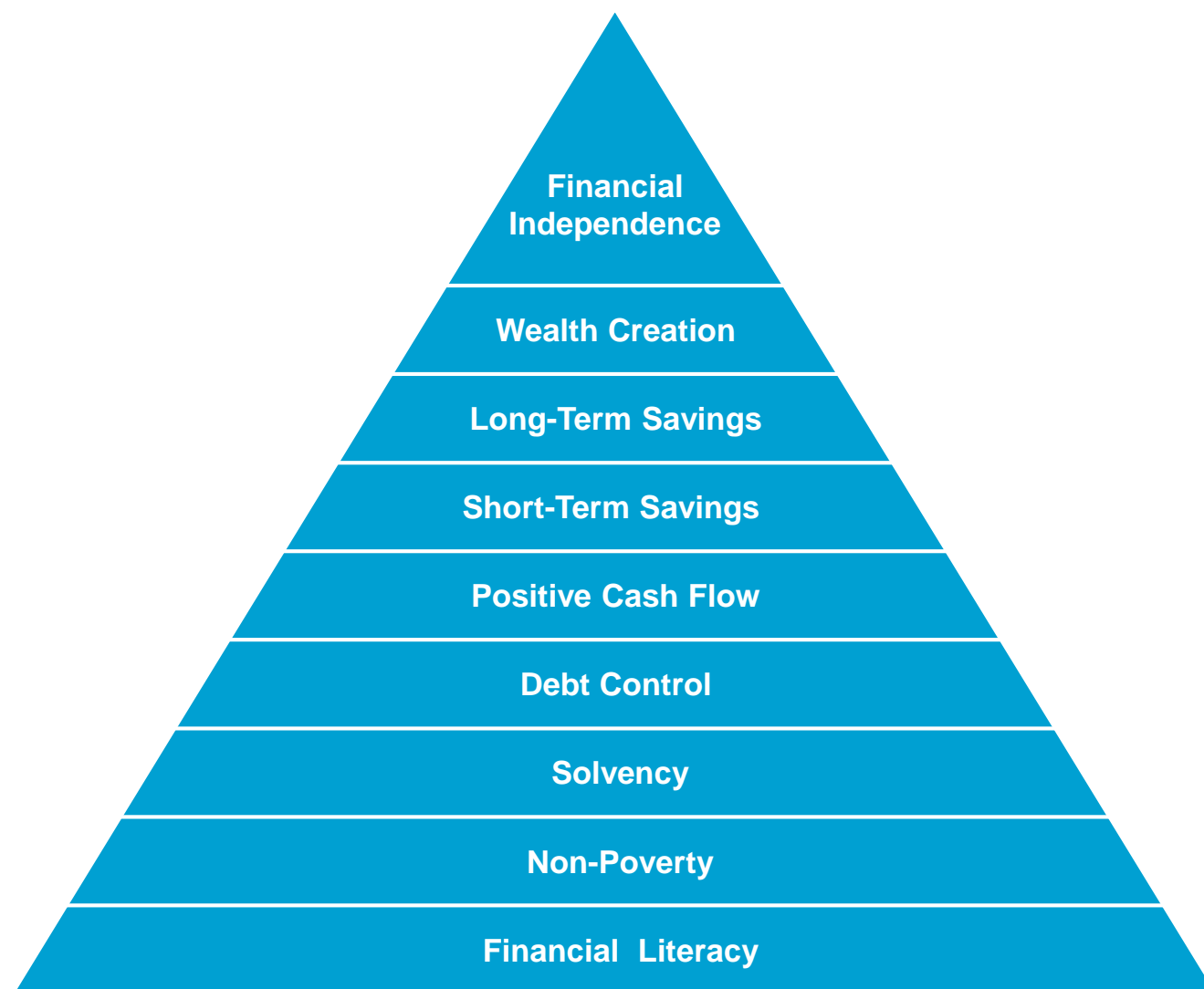


Employer sample: Companies with at least 1,000 employees. Employee sample: Full-time employees.

Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey. 2017 Global Benefits Attitudes Survey, United States .



# Financial Well-Being Hierarchy



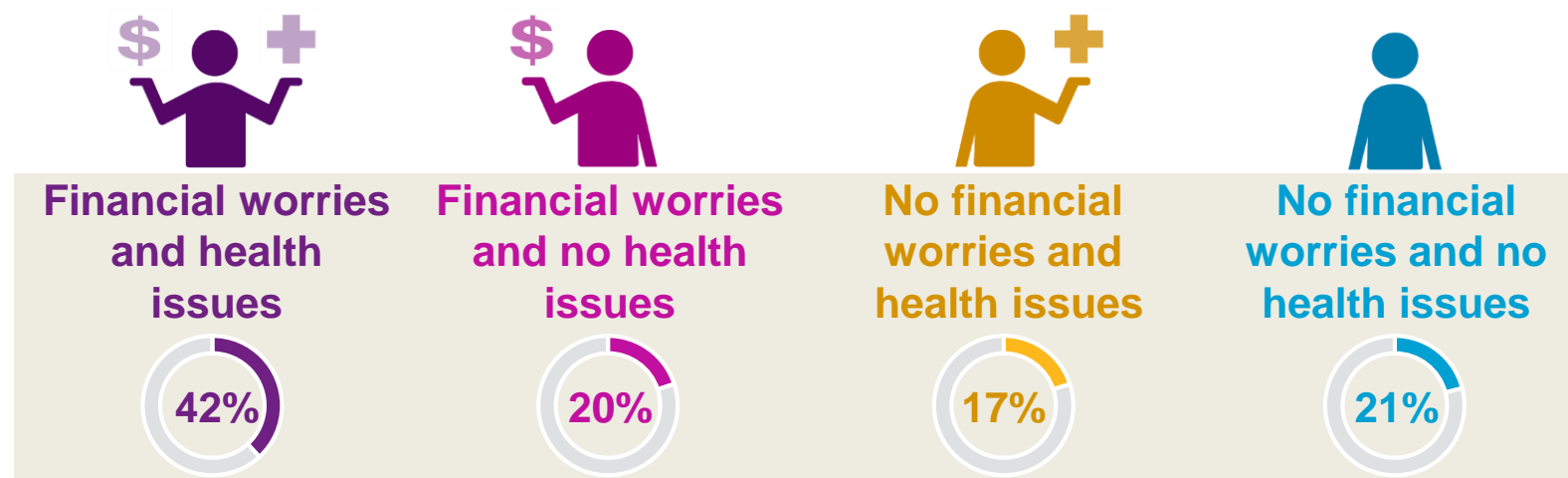
## Total Rewards Drivers

- Equity (LTI)
- Retirement
- DB
- DC
- Healthcare/wellness
- Compensation
- Training
- LTD
- HSA
- Career opportunities





# Financial well-being, health and stress are interconnected and issues compound



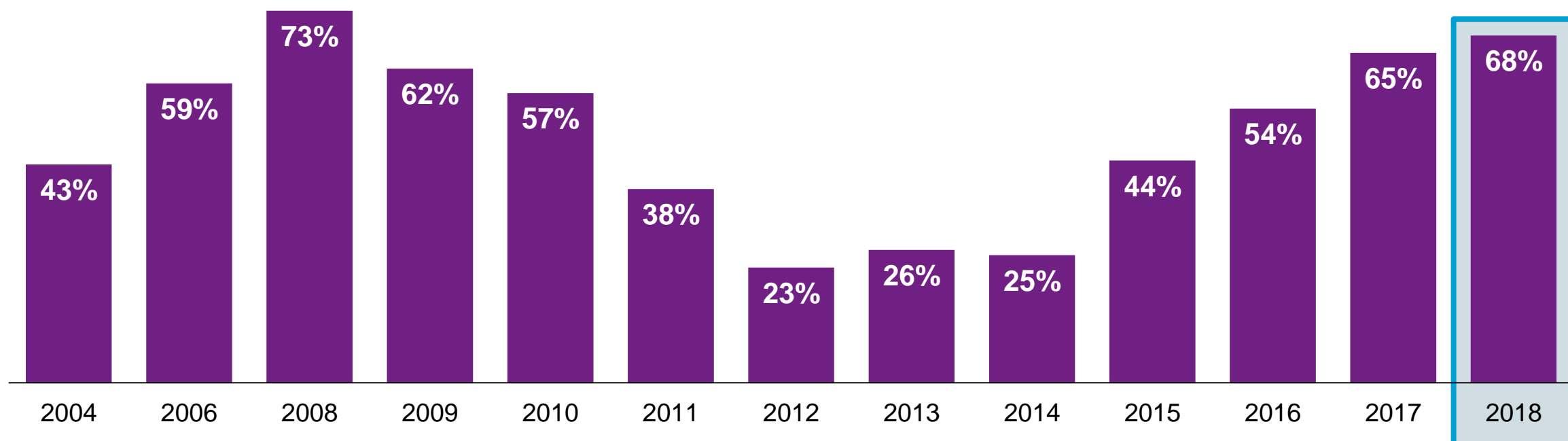
Highly engaged	31%	42%	46%	56%
Disengaged	26%	19%	20%	11%
Absence (days)	3.4	2.3	2.7	1.3
Presenteeism (days)	12.6	10.2	9.9	8.5
Expect to work past 70	51%	40%	19%	19%
High stress	64%	45%	33%	20%
Financial satisfaction	17%	30%	52%	64%
Live paycheck to paycheck	66%	54%	18%	14%

Note: Employees with health issues has either fair, poor or good health in general.

Source: 2017 Global Benefits Attitudes Survey, United States.

# Employer confidence in offering health care benefits over the next 10 years continues to grow

How confident are you that your organization will continue to sponsor health care benefits to active employees in 10 years? (*Very confident*)



**5-Year Confidence: 96% *very confident***, that the organization will continue to sponsor health care benefits in five years.

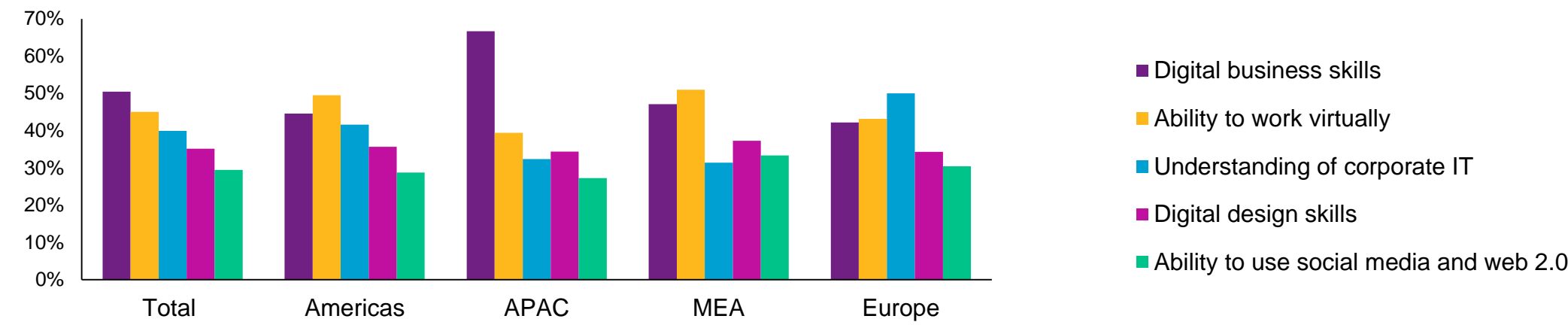
Sample: Employers with at least 1,000 employees.

Note: Responses represent "Very confident." Years 2004-2017 are based on prior years of the survey.

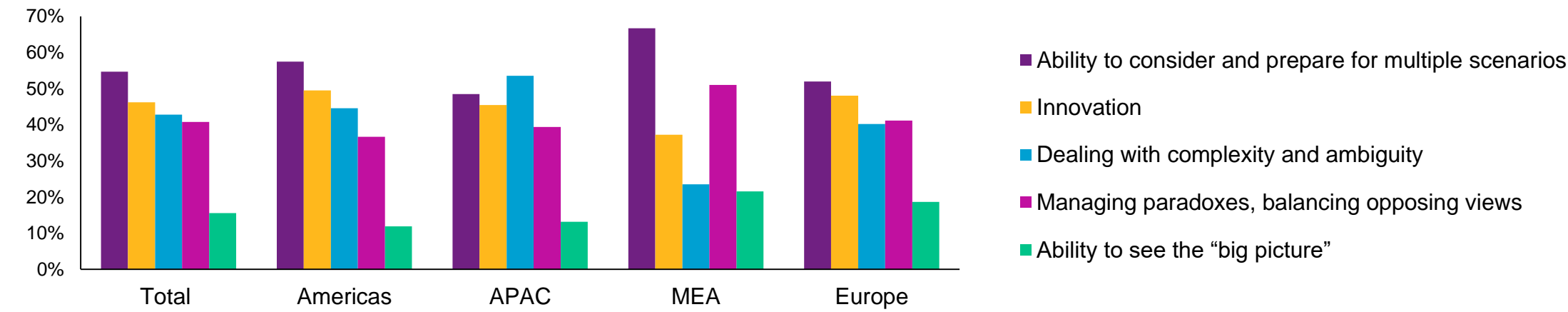
Source: 2018 Willis Towers Watson Voluntary Benefits Survey; Willis Towers Watson Best Practices Survey, various years; Willis Towers Watson Emerging Trends Survey, 2018

# Getting to now... The required new skill sets and capabilities [for the future]

## Digital Skills



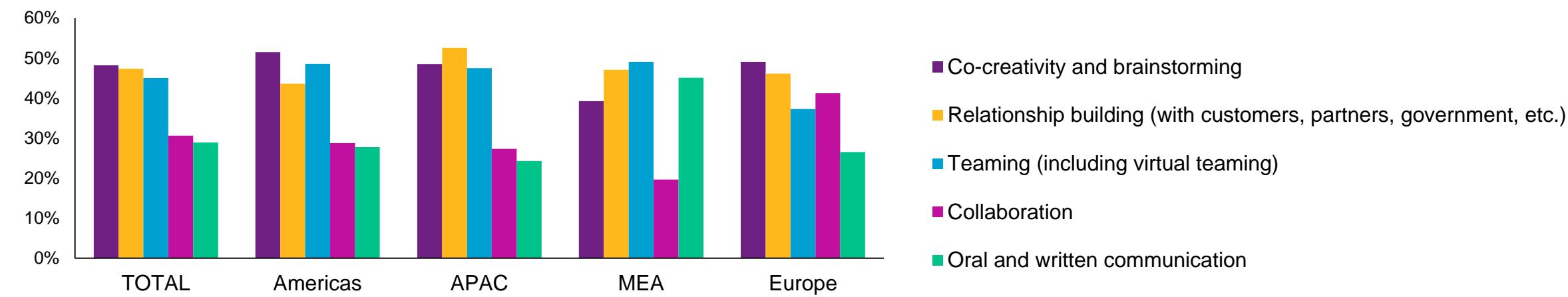
## Agile Thinking



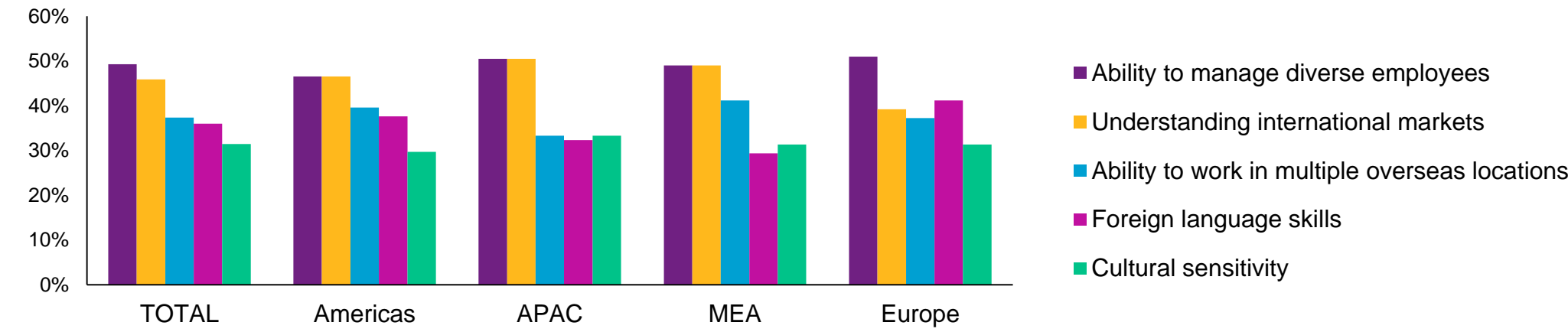
Source: Global Talent 2021 Study conducted by Oxford Economics and Towers Watson, 2012.

# Getting to now... The required new skill sets and capabilities [for the future]

## Interpersonal and Communication Skills



## Global Skills



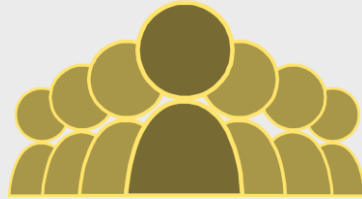
Source: Global Talent 2021 Study conducted by Oxford Economics and Towers Watson, 2012.

# The Evolved CHRO: Chief employee experience officer



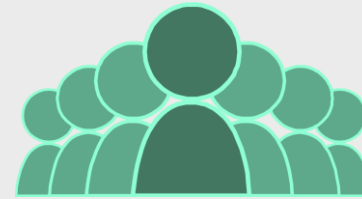
## Personnel director

- Tactical
- Operationally focused
- Employee as cost
- Implement programs
- Local
- Manager/director level



## Vice president, HR

- Broader
- Organization focused
- Employee as resource
- Design programs
- National
- Vice president level



## CHRO

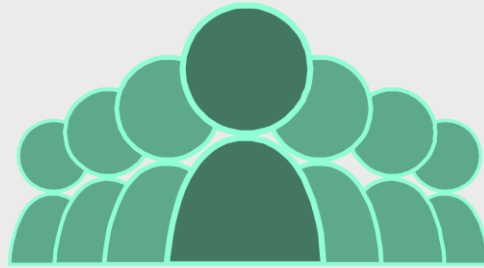
- Strategic
- Business focused
- Employee as asset
- Direct programs
- Global
- C-suite level



## Chief employee experience officer

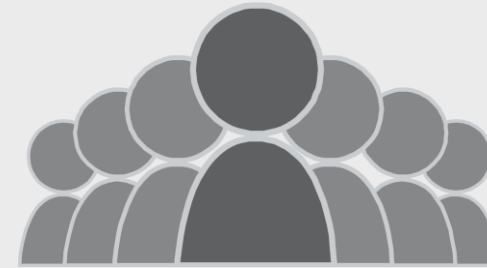
- Futurist/strategist
- Differentiation focused
- Employee as value
- Transcend programs
- Borderless
- Board advisor

# The Evolved CHRO: Chief employee experience officer



## CHRO

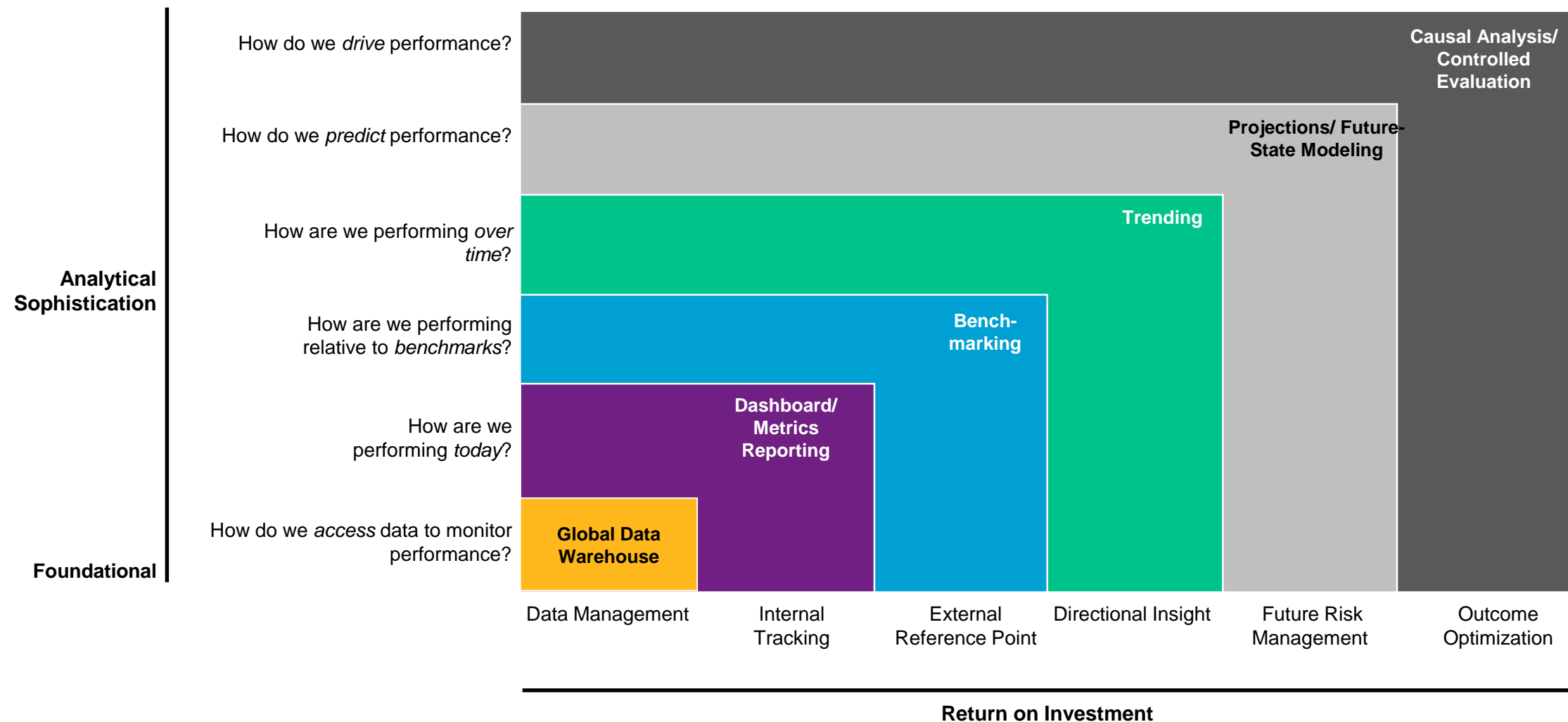
**“I direct programs to balance the needs of employees, the company and shareholders.”**



## Chief employee experience officer

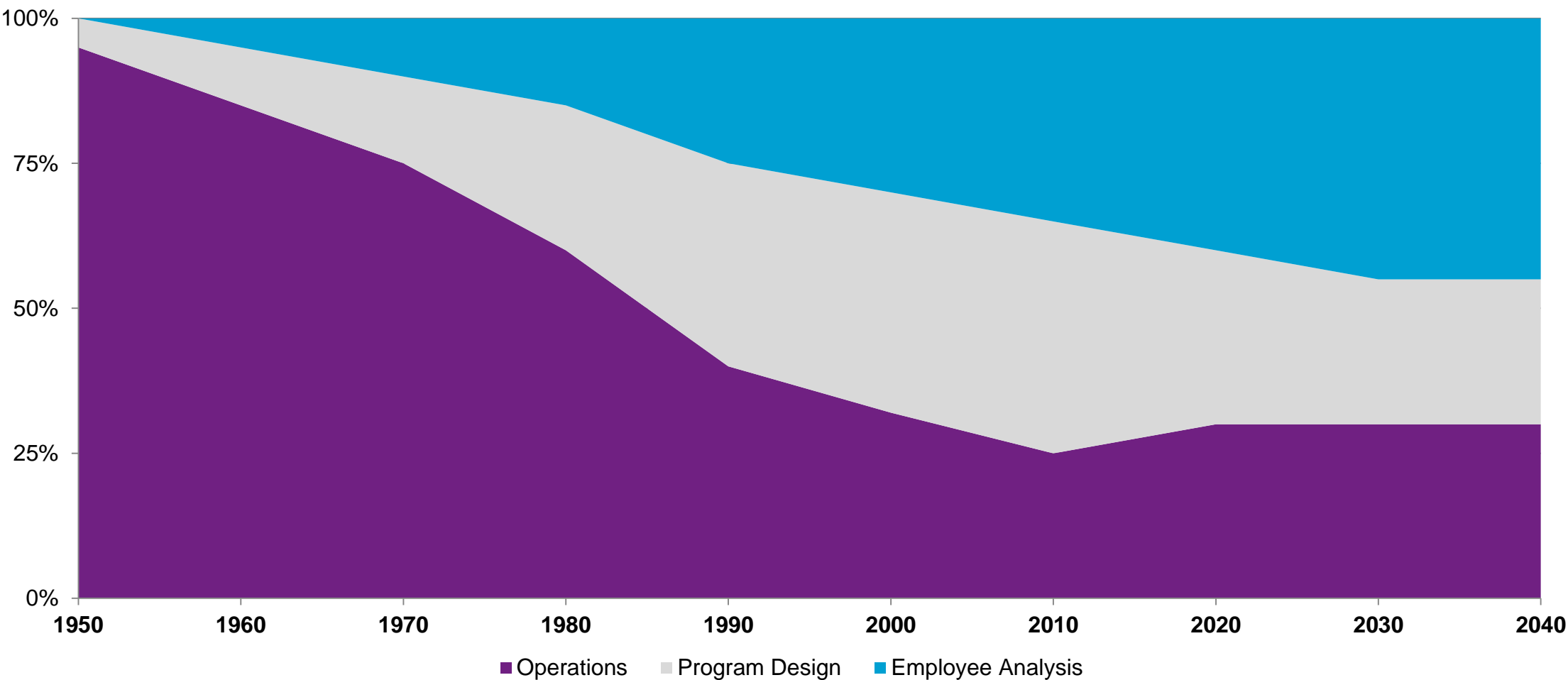
**“I create an employee experience that unleashes the potential of our talent to create incremental value for our customers and shareholders.”**

# Using “big data” and workforce analytics strategically



# The HR time spend continues to morph...

Percent of Time





# Top ten Total Rewards themes

## Future Focused

Emerging work dynamics and skills and multi-generational workforce re-write the deal

## Technology Advancements

Expansion of *digitization* of the Total Rewards delivery and experience



## Good Governance

Being *agile* and *nimble* to adapt to changing, fast-moving business strategies



## Analytics & Insights

Evaluating what matters with Total Rewards *analytics* and *data measurement*



## Segmentation

More tailored Total Rewards with increased choice for workers



## Pay Transparency

Legislative and social media increase public scrutiny



## Consumerism & Flexibility

Expansion of worker choice and *voluntary benefits*



## Well-being

Continued focus on holistic *physical*, *financial*, *social* and *emotional health*



## Talent Experience

Emphasis on *workplace differentials* that enhance the environment and Talent Value Proposition



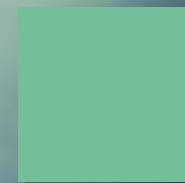
## Financial Concerns

Renewed focus on *financial security* now and in the future



# The TEGNA Story

# TEGNA



# Understanding the “Gig” Workforce

## Long and Complicated History

- **One of the First** large scale Gig workforces
- Rival the **Scale of Uber** in US
- **Complicated work force; tangled with child labor**

# Understanding the “Gig” Workforce

## Original Gig Workers



**Paper boy**



**Stringer/Reporter**



**Photographer**

# Understanding the “Gig” Workforce

## Evolution

- Changing Regulatory forces – Independent Contractors
- Re-defined work relationships
- Changing Economics – Associated Press

## Aspects Remain

- Freelancers
- Independent Contractors and Temps

# Everyone has a Gig Workforce

## Current

- Temps
- Independent Contractors
- Consulting Companies

## Evolving

- Fix-term Contracts
- Tax Advantages vs Healthcare
- On-demand
- Marketplace driven by worker

## Future

- Talent Contracts
- Part of Talent Strategy
- Marketplace driven by companies



# Key Takeaways

## Done this before – leverage your knowledge

- Independent Contractor and outsourcing

## Understand your current Gig workforce

- Independent Contractors – How many 1099s do you issue?
- Temps– How much do you spend and on who?
- Consultants/Vendors – Why are you using? Are there other approaches?

## Define and Develop your Approach to Talent

- Rent or Buy? Is this a short-term or long-term skill you need?
- Project or Task/Production? One-time or ongoing capability?
- Autonomous/Independent vs Core to your Brand?

# Thank you!

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